

FROM: T C WOOD
DATE: 26 APRIL 1985

COPIED TO: PS/Lady Young
PS/PUS
Sir W Harding
Mr Goodall
Dr Wilson
Mr Johnson
Mr O'Neill
Defence Dept
SCD
OPA

Private Secretary

SRI LANKA

1. Number 10 have responded to the Private Secretary's letter of 19 April, which was based on my submission of 18 April, by saying that the Prime Minister thinks that we are not doing enough to assist the Sri Lankan Government to combat Tamil terrorism. The Prime Minister has asked for a meeting with the Secretary of State and with the Secretary of State for Defence on 30 April to discuss what more we could do to provide the Sri Lankan Government with advice on improving the standards and discipline of their armed forces and on how to counter Tamil terrorism.

2. This minute expands on some of the considerations set out in my submission of 18 April and puts forward some ideas should the Secretary of State feel that we could do more to assist the Sri Lankans. Defence Department, SCD and the OPA have been consulted and agree. We have also consulted the Ministry of Defence in general terms and my recommendations accord broadly with those they will be putting to Mr Heseltine.

Probable Future Developments in Sri Lanka

3. As explained in my submission of 18 April, there is no sign that President Jayewardene is contemplating new political measures to resolve the inter-communal problem. Terrorist activity in the northern and eastern provinces has increased, spilling over recently into violence between the Tamil and Muslim communities in the eastern province. The Sri Lankan Security Forces do not appear to be acquiring the capability to cope with the terrorists, and there

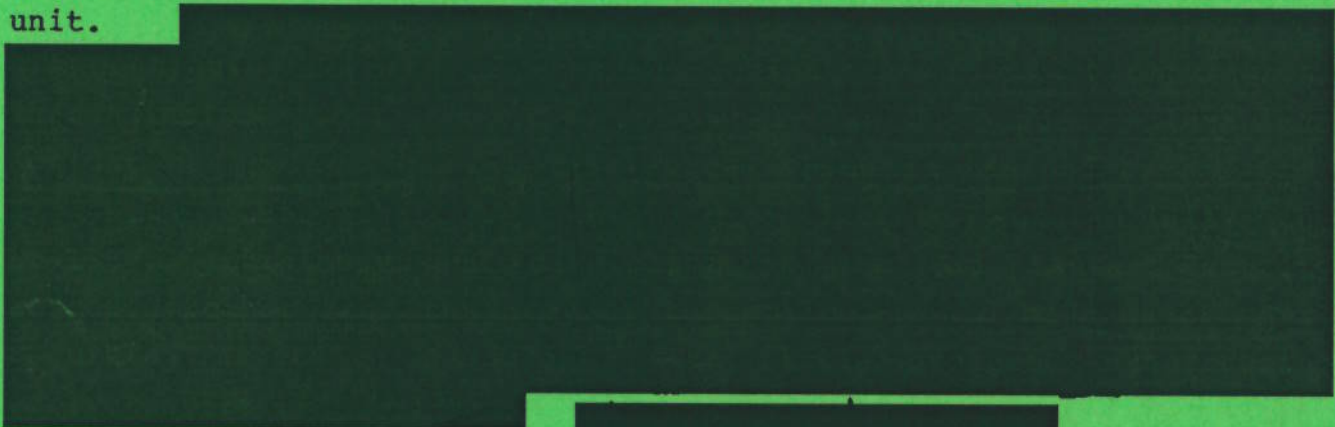
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are continuing reports of excesses against the civilian population. +
These include most recently apparently well founded allegations
against the police Special Task Force, which is trained by KMS Ltd. +
It seems clear that any attempt to improve substantially the
quality, efficiency and discipline of the Sri Lankan Security
Forces, whether from the army or the police, would be a major task,
requiring extensive resources, with little prospect of producing
early results.

Sri Lankan requirements and our ability to meet them

4. The Sri Lankan need is for training in internal security and
counter-insurgency techniques. This is currently being provided by
KMS Ltd for both the Sri Lankan police Special Task Force and,
contrary to what is suggested in No 10's letter, to an army commando
unit.



5.




6.



The Indian Angle

7. We should not underestimate the inevitable Indian reaction to any direct British involvement. This is not, as suggested in Number 10's letter, simply a matter of presentation. The Indian Government are adamantly opposed to any foreign involvement in Sri Lanka for whatever reason. Their position was made explicit in the annual report of the Indian Ministry of External Affairs to the Indian Parliament this month in which, after a reference to the Sri Lankan Government's having obtained the services of "British security experts", it was stated that "the induction of foreign security and intelligence organisations in Sri Lanka was viewed with concern in India."



8. Given the continuing Indian concern about our handling of the Sikh extremist problem, any British involvement in Sri Lanka could have implications for our commercial and, in particular, defence sales interests in India. The latter are substantial. Since the beginning of 1985 we have already won defence sales business there of £75.1 million (as against £55 million in the whole of 1984) with, in the view of the Defence Sales Organisation, prospects of some £1,700 million worth of business in the short term.

9. It is also possible that the Indian Government, who now seem more ready than before to restrain the Tamil extremists, would revert to a less helpful line if they thought the Sri Lankan Government had decided to go for a military solution with British Government connivance.

Future Policy

10. Against this background, I continue to think that we should do no more than was suggested in the Private Secretary's letter of 19 April to Number 10:

(a) we should remind the GOSL of Lady Young's offer of last October to consider a small increase in training in the UK for police and military personnel;

(b) we should apply the guidelines on arms sales flexibly;

(c) we should continue to provide discreet advice on counter-terrorist and security matters to Sri Lankan Ministers and officials visiting the UK.

11. However, if the Secretary of State felt that, in the light of the Prime Minister's visit to Sri Lanka, we should do more to assist, we could pursue the following courses of action:

(a) subject to the agreement of Mr Heseltine, we might send to Sri Lanka an expert from the staff of the Director of Military Assistance Overseas, who could explore Sri Lankan military assistance needs in areas other than internal security and counter-insurgency. But we would need to bear in mind the possibility that such a visit would arouse Sri Lankan expectations and that any recommendations that resulted might well entail the posting of Loan Service Personnel to Sri Lanka. The posting of such personnel could, if the MOD agreed, be funded from the MOD's Defence Policy Fund (for which Sri Lanka is a "targetted" country). Additional FCO-funded training in the UK could probably only be provided this year at the expense of other commitments elsewhere. ✓

(b) we could arrange for the Overseas Police Adviser to visit Sri Lanka to explore whether more can be done to assist through the provision of police training in the UK. We are currently arranging to provide in the UK training for Sri Lankan Police Officers in counter-terrorist techniques, together with training in VIP-protection. It is worth noting that our ability to help the Sri Lankans in this field has been affected in the past by their own inconsistency: in 1984 we responded to a Sri Lankan request by arranging to provide training for police in the use of dogs for the detection of explosives only to be told that our offer would not be taken up because they were arranging to obtain such training from British and other commercial sources. We are currently exploring with the ODA, who are submitting to Mr Raison, whether it would be possible to relax somewhat the ODA's guidelines which exclude aid funding of police counter-terrorist training. Other types of police training are already funded from ODA resources. +

Terence Wood

T C WOOD
South Asian Department

SRI LANKA: MEETING WITH THE PRIME MINISTER, 30 APRIL 1985

POINTS TO MAKE

1. Would like to do more to help Sri Lanka. But should be clear about our objectives. Stable Sri Lanka only achievable through political solution given alienation from Government of Tamils in north and intensity of inter-communal feeling between Tamils, Muslims and Buddhist Sinhalese. Military defeat of terrorists would not solve problem, even if possible. Present UK assistance aimed at encouraging Sri Lankan Government to rely on police, not army, which is of low calibre and responsible for majority of excesses.

2. Have supplemented normal ODA-financed police training (nine officers 1984/85, eleven 1985/86) with offers of training in Special Branch work, anti-terrorist procedures, and VIP protection (six training attachments/courses offered this year). Sri Lankans have not always taken up offers: last year we responded to request for police training in use of dogs for explosive detection, but they declined offer at last moment. Also providing some standard military training in UK funded by FCO (18 places 1984/85, 13 - with more expected - planned for 1985/86). Have also provided discreet advice for senior Sri Lankans visiting UK.

Sri Lankan Government Policy

3. Such assistance, even if expanded, can only work if coupled with political initiatives. Believe Jayewardene gave you no indication whatsoever that he was considering new moves. This is consonant with the line he has taken with others recently. Emphasis has been on defeating terrorism not on trying to relaunch All Party Conference proposals.

4. Recent developments cast further doubt on way Sri Lankan Government is handling crisis. Our High Commissioner believes elements in Government and governing party probably fanned recent outbreak of violence between Tamils and Muslims in eastern province and that they may have been active in causing it. Their purpose would have been to ensure eastern province Muslims do not support Tamil separatism. High Commissioner has also reported that during

recent violence police Special Task Force (trained by KMS Ltd) aided Muslims and in some cases gave them arms/ammunition. Also reports that STF incited Muslims into attacking Tamils.

Increased Assistance for Sri Lanka

5. Given low calibre of Sri Lankan security forces, in particular army, any effort to improve their quality would require extensive resources with little prospect of early results.

6. [REDACTED]

7. [REDACTED]

[REDACTED] demonstrate western support. They did this by leaking your visit before announcement here: by publicity given to arms purchases from UK (even though in some cases orders had not been placed); and by publicity for alleged UK-Sri Lanka export credit agreement for arms purchases, though no such agreement in existence or contemplated. Jayewardene has in past referred to UK-Ceylon Defence Agreement of 1947 for same purpose.

Indian Angle

8. Should not underestimate Indian reaction. They expressed strong concern in 1984 about presence of KMS Ltd and clearly suspected HMG were involved. Indian press still refer to presence of "SAS troops" in Sri Lanka. Indian Ministry of External Affairs Parliamentary report published in April refers to Sri Lanka having obtained services of "British security experts" and emphasises that "the induction of foreign security and intelligence organisations in Sri Lanka was viewed with concern in India".

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Will give you full version in morning

9. Any British involvement in Sri Lanka could have implications for our commercial and defence sales interests (£75.1 million defence sales already this year, with prospects of £1,700 million in short term). The Sri Lankan market is trifling by comparison (at most £80 million in short term).

10. Also danger that Rajiv Gandhi, who is taking action helpful to Sri Lankans by restraining Tamil extremists, would revert to less helpful line if he thought Sri Lankan Government had decided to aim for military solution with British government connivance.

Future Policy

11. Believe strongly we should continue to avoid direct involvement in Sri Lanka, while assisting them through training in the UK, in particular, of police and discreet advice to senior officials/Ministers

[REDACTED] Would be willing to send my Overseas Police Adviser to Sri Lanka to explore what more we could do in this field.

12. But strongly advise against sending British army trainers to Sri Lanka, [REDACTED] Would associate us directly with the way Sri Lankan Government are handling the campaign against the Tamils. And would further ease responsibility on Jayewardene for facing up to the political problem. Would be widely criticised in UK (very active Tamil lobby which is largely middle class and very well organised). For same reason would also advise against sending an expert from staff of Director of Military Assistance Overseas: this would arouse Sri Lankan expectations and lead inevitably for requests for seconded or loan personnel.

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Foreign and Commonwealth Office

London SW1A 2AH

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19 April 1985

Dear Charles,

Sri Lanka

Your letter of 16 April asked for an account of what we are already doing to assist the Sri Lankan Government in their efforts to combat Tamil terrorism, what limits we have set hitherto on such assistance, and any recommendations about this problem which the Foreign Secretary might wish to make.

Current Assistance to the Sri Lankan Government

We are providing, or are prepared to provide, the following assistance:

- (a) training in the UK for Sri Lankan military and police personnel. In 1984/85 nine police officers were given training financed by the ODA. Provision has been made to train eleven in 1985/86. Eighteen military personnel were training in 1984/85, funded from the FCO's UKMTAS budget at a cost of £122,000. UKMTAS funding for 1985/86 will be available at a similar level. So far £97,000 has been committed for 13 trainees: more are expected. In addition, we are in the process of offering the Sri Lankans four police training attachments which will focus on Special Branch work, anti-terrorist procedures, and VIP protection. Under existing ODA guidelines, it is not possible to fund such counter-terrorist training from aid funds. We shall therefore ask the Sri Lankans to pay and they have already indicated their willingness to do so. In addition, in October 1984 Lady Young offered to consider a small increase in the standard training we provide for police and military personnel: the Sri Lankan Government have not responded to this yet;
 - (b) in 1984 we arranged for the Sri Lankan Minister of National Security and the Defence Secretary (i.e. PUS equivalent) to meet police and other counter-terrorist specialists when visiting the UK. The Sri Lankan Defence Secretary, Mr Attygalle, also visited Belfast, where he met the Chief Constable of the Royal Ulster Constabulary who briefed him in some detail on the RUC's counter-terrorist role.
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Requests for Military Assistance

In the past twelve months we have rejected informal requests from the Sri Lankan Government for the loan of manned naval vessels [REDACTED]

[REDACTED] We explained that it would not be appropriate for us to become directly involved in an internal problem. The Sri Lankans accepted this view with good grace and have not pursued such requests.

Arms Sales

In the past eighteen months we have given political clearance for the possible sale to Sri Lanka by British companies of armoured cars, machine guns, mortars, Carl Gustav portable anti-tank weapons, and a variety of other equipment. In 1984/85 actual sales amounted to some £3m: they involved armoured cars, anti-tank weapons, communications equipment and small arms. We have recently given political clearance for the sale of seven second-hand Bell helicopters, and three second-hand HS 748 transport aircraft, though it now appears that orders are unlikely to be placed in the UK for these items. In considering these requests we take very carefully into account the fact that the Sri Lankan Security Forces have shown a tendency on occasion to commit acts of retaliation against Tamil civilians. There is also the risk of strong adverse Indian reaction. We make it a condition that major items of equipment which might be used for internal security purposes (e.g. helicopters, aircraft and naval craft) are to be supplied without armaments.

The Sri Lankan Government have in the past made a tentative enquiry about the possibility of credit for arms purchases. We have made it clear that we are not prepared to provide special credit arrangements for arms sales, though it would of course be open to British companies wishing to supply arms to apply for ECGD cover in the normal way.

KMS Ltd

The Sri Lankan Government currently employ the British security company, KMS Ltd, who recruit British ex-servicemen, [REDACTED] to provide counter-insurgency training for the Sri Lankan security forces. Some two dozen employees of the company are at present in Sri Lanka. Their principal task has been to create a 600-strong counter-insurgency police force to take over the counter-terrorist role in

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northern and eastern Sri Lanka from the army. Some 200 Sri Lankan policemen have been trained so far and deployed in the eastern province. Our High Commission have reported within the last few days that policemen from that unit are alleged to have been involved in retaliation against the Tamil civil population. Earlier this year, the Sri Lankan Government also asked KMS Ltd to begin training an army counter-insurgency commando unit and to take on coordination of Sri Lankan arms procurement. We understand they have agreed to do both.

We have not sought to dissuade KMS Ltd from taking on the training of police in Sri Lanka. Indeed, we have seen it as important that the police should be trained effectively so that they can take over the internal security role from the army. However, the Foreign Secretary was particularly concerned earlier this year that a British company should not be seen to become directly involved in inter-communal fighting. KMS Ltd were therefore told that we had strong reservations about their involvement in training an army commando unit and that we hoped that they would take steps to avoid being drawn into an operational role. The company have made it clear that they do not intend their personnel to take on a combat role.

Future Policy

The Foreign Secretary believes that we should continue to do what we can to help President Jayewardene resolve the inter-communal problem, and, in particular, counter Tamil terrorism. But we need to take account of:

- (a) the Indian angle. The Indian Government take the view that the Sri Lankan Government should concede a high degree of regional autonomy to the Tamil minority.

Mr Gandhi appears to have revised this aspect of their policy; but it remains likely that he, like his mother, will remain very sensitive to the involvement of other powers in Sri Lanka. The Indian Government have in the past objected to the activities of KMS Ltd in Sri Lanka and clearly suspect that the company are there at the British Government's behest. They have also expressed concern about the sale of arms to Sri Lanka by British companies. Any major, and overt, increase in British involvement could damage our considerable commercial and defence sales interests in India;

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- (b) the heavy-handed policy adopted by the Sri Lankan Government towards the Tamil minority. Although President Jayewardene declared his willingness in December last year to concede a high degree of provincial autonomy to the Tamils in the north of the island, these concessions were made belatedly and were accompanied by increasingly repressive behaviour by the Sri Lankan security forces, particularly in the Jaffna peninsula. Excesses, in particular by the army, against Tamil civilians were frequent and have been admitted publicly and privately by the Sri Lankan Government, whose officials have referred to the army as being "out of control". This has caused particular concern among the substantial Tamil community in Britain;
- (c) the 1947 UK-Ceylon Defence Agreement. This remains in force. It provides that the two governments "will give each other such military assistance for the security of their territories, for defence against external aggression and for the protection of essential communications as it may be in their mutual interest to provide". However, the Prime Minister wrote to President Jayewardene in November last year stating that Britain would not be able to provide military assistance under the Agreement in any circumstances connected with the internal situation in Sri Lanka including any external threat arising from that situation.
- [REDACTED]

The Foreign Secretary has considered whether there is anything further that we could or should do to assist the Sri Lankan Government. He has concluded that we should remind them of Lady Young's offer last October to consider a small increase in the training we provide in this country for police and military personnel, though we would need to make it clear that we could not provide funds in every case. He has also considered whether we should change our policy on arms sales. We have not, since the major outburst of inter-communal violence in July 1983, refused political clearance for any major item of defence equipment. Our practice of stipulating that helicopters, aircraft and patrol boats should be supplied without armaments is intended to reduce the risk of our being charged with supplying major pieces of equipment for use against the Tamil minority. The Foreign Secretary believes that we should apply this rule flexibly, but that we should continue to be cautious about the supply of major items of military equipment, looking at each case on its merits. There appears to be no need to consider any special arrangement for credit, even if the funds could be found: the Sri Lankan Government seem ready to find whatever

/funds

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funds are necessary to purchase arms. Finally, the Foreign Secretary considers that we should continue to provide discreet advice about counter-terrorist and security matters to senior Sri Lankan Ministers and officials visiting the UK, but that we should not contemplate the dispatch to Sri Lanka of experts in these fields, [REDACTED] To do so would undoubtedly generate controversy in the UK and would jeopardise our already difficult relations with the Indian Government.

I am copying this letter to Richard Mottram in the MOD.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

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10 DOWNING STREET

22 April 1985

From the Private Secretary

Mr Cleghorn f.i.
Mr King.

TW23 iv

PS
PS/Gen Yang
PS/PUS
Sir W Hardin
Mr Goodall
Dr Wilson
Defence Dept

Dear Gen.

SRI LANKA

Thank you for your letter of 19 April setting out what we are already doing to assist the Sri Lankan government to combat Tamil terrorism.

The Prime Minister has considered it. Her view is that it is not enough.

The Prime Minister thinks that what the Sri Lankan government most needs is advice: advice on how to improve the standards and discipline of the Sri Lankan armed forces; and advice on how to counter the sort of campaign being waged by the Tamil terrorists. There are various ways in which this might be provided. One is described in your letter, that is the visits arranged for senior Sri Lankan politicians and officials. Others might be: to send a senior officer with experience in dealing with terrorism to give advice on the spot to the Sri Lankans:

There are no doubt more. The question of presentation vis-à-vis the Indian Government would need very careful handling. But if the latter are to be taken at their word, they should be interested in seeing the Sri Lankan armed forces more disciplined and effective. It might also be possible to link the provision of further help from the UK to a renewed public committed by the Sri Lankan government to re-open negotiations with those prepared to work for a peaceful solution.

The Prime Minister would like to discuss this as soon as possible with the Foreign Secretary and Defence Secretary. I shall be in touch to suggest a date.

I am copying this letter to Richard Mottram (Ministry of Defence).

Yours sincerely
(C. D. Powell)

L Appleyard Esq,
Foreign and Commonwealth Office.

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copied to R. Baxter
ODA.

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RECEIVED IN REGISTRY NO. 61	
- 8 MAY 1985	
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10 DOWNING STREET

From the Private Secretary

30 April 1985

Dear Peter,

Also copied to OPA.
Rz/s

Sri Lanka

The Prime Minister held a brief meeting this evening with the Foreign Secretary and the Defence Secretary to consider whether we could do more to assist the Sri Lankan Government to combat Tamil terrorism.

The Prime Minister said that she had been struck during her visit by the absence of properly trained and disciplined armed forces in Sri Lanka. It was clear that the Sri Lankan Government needed and wanted help in this area and unless the United Kingdom were prepared to provide it, no-one else would.

it should be handled under our normal military training programme.

The Foreign Secretary said that he sympathised with the Prime Minister's view. But the provision of assistance would be highly controversial. The Sri Lankan Government had still taken no political initiative towards the Tamils and there was a suspicion that some elements in the Government had fanned violence between Muslims and Tamils. There was no doubt that the Indian Government would react badly to increased assistance from the United Kingdom.

It might also be possible to send the FCO police adviser to Sri Lanka. This would be preferable to military involvement.

The Defence Secretary agreed with the Foreign Secretary's analysis. If we were to provide military training we should have no control over the subsequent activities of those whom we trained and there might be further atrocities for which the UK would be blamed. It might be possible to send a senior officer to provide some advice on how to fight the sort of campaign which was needed to deal with terrorists. But this was probably better done

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Mr Cleghorn / A. good.
Mr King / outcome!
Mr Wood, SAJ
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cc SCO
PS
PS/Ady Jany
PS/PVS
Sir W Harding
Dr Wilson
Defence Dept

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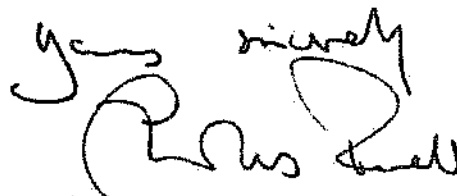
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- 2 -

in the United Kingdom than by sending military advisers to Sri Lanka itself. It was particularly important to do nothing to upset the Indian Government while the Westland helicopter contract remained in the balance.

Summing up the discussion, the Prime Minister said that she accepted the constraints on the provision of further military assistance and in particular the importance of taking no action until the Westlands matter was resolved. Thereafter consideration should be given to a number of modest steps such as accepting more Sri Lankans for military training in the United Kingdom and a visit to Sri Lanka by the FCO police adviser. In the meantime, we should continue through diplomatic channels to encourage the Sri Lanka Government to take an initiative towards a political solution of the Tamil problem.

I am sending a copy of this letter to Richard Mottram (Ministry of Defence).

Yours sincerely

(C.D. Powell)

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

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From: T C Wood, SAD
Date: 18 April 1985

cc: PS/PUS
Sir W Harding ✓
Defence Dept
SCD
PUSD
Planning Staff

*1. May I see his evidence
on which his queried sentence
in para 4 is based? / 12
like to challenge Col. Johnson with it*

2. Is it due that his SCG have not

Dr Wilson *referred to Lady Young's offer of increased*
PS/Lady Young *training last October? What happened to*

SRI LANKA *in Embassy's telegram last December to the OPA about this?*

- A
1. No 10 have written to say that the Prime Minister wishes to think further about the possibility of giving additional help to the Sri Lankan Government in combatting terrorism. They have asked for a short statement of what we are already doing, the limits we set to such assistance and any recommendations which the Secretary of State might wish to make.
 2. I submit a draft reply to No 10. This sets out the help we have provided recently, and are currently providing to the GOSL in the form of training for their police and armed services, and our current policy on arms sales. The letter also describes the arrangements we have made for senior Sri Lankans to hold discussions with counter-terrorist and other security specialists in the UK. The letter concludes by making 3 proposals:
 - (a) we should remind the GOSL of Lady Young's offer last October to consider a small increase in training in the UK for police and military personnel;
 - (b) we should not alter our current policy on arms sales, though we should apply the guidelines flexibly;
 - (c) we should continue to provide discreet advice on counter-terrorist and security matters to Sri Lankan Ministers and officials visiting the UK, but should not contemplate the despatch to Sri Lanka of experts in these fields, [REDACTED]

/Argument

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Argument

3. President Jayewardene's efforts in 1984 to resolve the inter-communal problem through negotiation collapsed, principally because the proposals for devolution he tabled in December came too late and did not go sufficiently far to meet Tamil demands. Despite reports in the Sri Lankan media, there is little reason to believe he will attempt to relaunch negotiations. He made no mention of such an initiative to the Prime Minister, emphasising instead the need to defeat Tamil terrorism and his inability to make further concessions. On the Tamil side, the TULF leader, Mr Amirthalingam, has associated himself more closely with the extremist groups espousing violence. Terrorist action in the Northern and Eastern provinces has, if anything, increased and has, most recently, precipitated violence between the Tamil and Muslim communities in the Eastern province. President Jayewardene's immobility probably reflects the intransigence of his three most important advisers (and potential, and rival, successors) Mr Premadasa, Mr Athulathmudali and Mr Dissanayake. The stalemate continues, despite evidence that the Indian Government, for their part, have taken action to help the GOSL by interdicting supplies of arms to the extremists. Unless the GOSL make a major gesture of reconciliation towards the Tamils, it will not be possible for the Indian Government, confronted as they are by hardliners both in the Indian Parliament and in Tamil Nadu, to sustain and expand such cooperative action.

4. Given this background, there is little reason to believe that any assistance the UK could provide would substantially improve the Sri Lankan Government's ability to cope with the inter-communal problem. It had been hoped that the special police units trained by KMS Ltd would prove more effective than the existing police forces in countering terrorism and less likely than the army to retaliate against the civilian population. Our High Commission have, however, reported recently that these units have been involved in excesses against Tamil civilians. A major increase

/ in the

in the provision of arms is also unlikely to make much difference, given the inherent weaknesses of the Sri Lankan armed services: low calibre and poorly trained officers, low morale, and inexperience.

5. I conclude therefore that our policy should be "more of the same": discreet advice on counter-terrorist techniques, a limited increase in police and military training in the UK, and a relatively relaxed policy on political clearance for arms sales. To do otherwise would embroil us directly in a conflict which is controversial in Britain, has the potential to sour our relations with India, and is unlikely to be resolved in the short or medium term.

T C Wood
South Asian Department

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:
Private Secretary

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

Top Secret
Secret
Confidential
Restricted
UnclassifiedC D Powell Esq
No 10 Downing Street

Copies to:

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SUBJECT:

.....In Confidence

CAVEAT.....

Your letter of 16 April asked for an account of what we are already doing to assist the Sri Lankan Government in their efforts to combat Tamil terrorism, what limits we have set hitherto on such assistance, and any recommendations about this problem which the Foreign Secretary might wish to make.

Current Assistance to the Sri Lankan Government

We are providing, or are prepared to provide, the following assistance:

(a) training in the UK for Sri Lankan military and police personnel. In 1984/85 nine police officers were given training financed by the ODA. Provision has been made to train eleven in 1985/86 ~~(six applications received to date)~~. Eighteen military personnel were trained in 1984/85, funded from the FCO's UKMTAS budget at a cost of £122,000. UKMTAS funding for 1985/86 will be at a similar level. So far £97,000 has been committed for 13 trainees: more ^{are} ~~is~~ expected. In addition, we are


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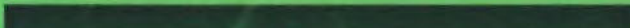
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in the process of offering the Sri Lankans four police training attachments which will focus on Special Branch work, anti-terrorist procedures, and VIP protection. Under existing ODA guidelines, it is not possible to fund such counter-terrorist training from aid funds. We shall therefore ask the Sri Lankans to pay: they have already indicated their willingness to do so. In October 1984 Lady Young offered to consider a small increase in the standard training we provide for police and military personnel: the Sri Lankan Government have not responded to this yet.

(b) In 1984 we arranged for the Sri Lankan Minister of National Security and the Defence Secretary (PUS) to meet police and other counter-terrorist specialists when visiting the UK. The Sri Lankan Defence Secretary, Mr Attygalle, also visited Belfast, where he met the Chief Constable of the Royal Ulster Constabulary who described the RUC's counter-terrorist role in some detail.



Requests for Military Assistance

In the past twelve months we have rejected informal requests from the Sri Lankan Government for the loan of manned naval vessels 

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[REDACTED] We explained that it would not be appropriate for us to become directly involved in an internal problem.

Arms Sales

In the past eighteen months we have given political clearance for the sale to Sri Lanka by British companies of armoured cars, machine guns, mortars, Carl Gustav portable anti-tank weapons, and a variety of other equipment. In 1984/85 sales amounted to some £3m including armoured cars, anti-tank weapons and small arms. We have recently given political clearance for the sale of seven second-hand Bell helicopters, ~~Lynx naval helicopters~~, and three second-hand HS 748 transport aircraft, though it now appears that orders are unlikely to be placed in the UK for these items. Requests for clearance are considered carefully, taking into account the Sri Lankan Security Forces' unfortunate reputation for retaliation against Tamil civilians and the risk of strong adverse Indian reaction. We make it a condition that major items of equipment which might be used for internal security purposes, helicopter, aircraft and naval craft, shall be supplied without armaments, though it is of course open to the Sri Lankans to arm them themselves.

The Sri Lankan Government have in the past made a tentative enquiry about the possibility of credit for arms purchases. We have made it clear that we are not prepared to provide special credit arrangements for arms

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sales, though it would of course be open to British companies wishing to supply arms to apply for ECGD cover in the normal way.

KMS Ltd

The Sri Lankan Government currently employ the British security company, KMS Ltd, who recruit British ex-servicemen, [REDACTED] [REDACTED] [REDACTED], to provide counter-insurgency training for the Sri Lankan security forces. Their principal task has been to create a 600-strong counter-insurgency police force to take over the counter-terrorist role in northern and eastern Sri Lanka from the army. Some 200 Sri Lankan policemen have been trained so far and deployed in the eastern province. Our High Commission have reported within the last few days that policemen from that unit are alleged to have been involved in retaliation against the Tamil civil population. Earlier this year, the Sri Lankan Government also asked KMS Ltd to begin training an army counter-insurgency commando unit and to take on co-ordination of Sri Lankan arms procurement. We understand they have agreed to do both.

We have not sought to dissuade KMS Ltd from taking on the training of police in Sri Lanka. Indeed, we thought it important that the police should be trained so as to enable them to take over the internal security role from the army. However, the Foreign Secretary was particularly concerned earlier this year that a British company should not be seen to become directly involved in

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inter-communal fighting. KMS Ltd were therefore told that we had strong reservations about their involvement in training an army commando unit and that we hoped that they would take steps to avoid being drawn into an operational role. The company have made it clear that they do not intend their personnel to take on a combat role.

Future Policy

The Foreign Secretary believes that we should continue to do what we can to help President Jayewardene resolve the inter-communal problem, and, in particular, counter Tamil terrorism. President Jayewardene is committed to maintaining democracy in Sri Lanka and an open economy. He has supported Britain over the Falklands and follows a pro-Western line on eg Afghanistan and Kampuchea. We have a considerable aid involvement in Sri Lanka, principally through the Victoria Dam, but relatively small commercial and investment interests. But we need to take account of:

(a) The Indian angle. The Indian Government apparently wish to compel the Sri Lankan Government to concede a high degree of regional autonomy to the Tamil minority.

[REDACTED]

[REDACTED]

[REDACTED] Mr Gandhi appears to have revised this aspect of their policy; but it is probable that, like his mother, he will wish to discourage the involvement of other powers in Sri Lanka. The Indian

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Government have in the past objected to the activities of KMS Ltd in Sri Lanka and clearly suspect that the company are there at the British Government's behest. They have also expressed concern about the sale of arms to Sri Lanka by British companies. Any major, and overt, increase in British involvement could affect our relations with the Indian Government and consequently our considerable commercial and defence sales interests in India.

have they?

✓

(b) The heavy-handed policy adopted by the Sri Lankan Government towards the Tamil minority. Although President Jayewardene declared his willingness in December last year to concede a high degree of provincial autonomy to the Tamils in the north of the island, these concessions were made belatedly and were accompanied by increasingly repressive behaviour by the Sri Lankan security forces, particularly in the Jaffna peninsula. Excesses, in particular by the army, against Tamil civilians were frequent and have been admitted publicly and privately by the Sri Lankan Government, whose officials have referred to the army as being "out of control". This has caused particular concern among the substantial Tamil community in Britain.

(c) The 1947 UK-Ceylon Defence Agreement. This remains in force, though the Prime Minister wrote to President Jayewardene in November last year stating that Britain would not be able to provide military assistance under the Agreement in any circumstances connected with the

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internal situation in Sri Lanka including any external threat arising from that situation. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The Foreign Secretary has considered whether there is anything further that we could do to assist the Sri Lankan Government. He has concluded that we should remind them of Lady Young's offer last October to consider a small increase in the training we provide in this country for police and military personnel, though we would need to make it clear that we could not provide funds in every case. He has also considered whether we need to consider changing our policy on arms sales. We have not, since the major outburst of inter-communal violence in July 1983, refused political clearance for any major item of defence equipment. Our practice of stipulating that helicopters, aircraft and patrol boats should be supplied without armaments is intended to reduce the risk of our being charged with supplying major pieces of equipment for use against the Tamil minority. The Foreign Secretary believes that we should apply this rule flexibly, but that we should continue to consider carefully the supply of major items of military equipment. There appears to be no need to consider any special arrangement for credit, even if the funds could be found: the Sri Lankan Government seem ^{able} ready to find whatever funds are necessary to purchase arms. Finally,

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the Foreign Secretary considers that we should continue to provide discreet advice about counter-terrorist and security matters to senior Sri Lankan Ministers and officials visiting the UK, but that we should not contemplate the dispatch to Sri Lanka of experts in these fields, [REDACTED] To do so would undoubtedly generate controversy in the UK and would jeopardise our already difficult relations with the Indian Government.

I am copying this letter to the Private Secretary to the Secretary of State for Defence.

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